



Northern Ireland
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A Guide to the Welfare Reform Bill

1 Introduction

The Welfare Reform Bill for Northern Ireland was introduced to the Assembly by the Minister for Social Development on 1 October 2012. The measures contained within the Bill, and the changes to the social security system announced as part of the Coalition Government's June 2010 Budget and October 2010 Spending Review, have been described as the most radical shake-up of the benefits system since the foundation of the welfare state.

This Guide is intended to assist Members in their scrutiny of the Bill by providing links to key papers and information on welfare reform.

2 An Overview of the Welfare Reform Bill

Universal Credit

Part 1 of the Bill contains provisions and confers regulation-making powers for a new integrated working-age benefit – known as **Universal Credit**. Universal Credit will replace Working Tax Credit; Child Tax Credit; Housing Benefit; Income Support;

income-based Jobseeker's Allowance; and income-related Employment and Support Allowance. Universal Credit will include a standard allowance to provide for basic living costs (it is suggested that this will be comparable to the standard rates for Jobseeker's Allowance and Employment and Support Allowance). This will be supplemented with **additional elements** for responsibility for children or young people, housing costs and other needs. Universal Credit will be payable to people both in and out of work, providing that they are aged between 18 and the qualifying age for State Pension Credit. Universal Credit may be available to those younger than aged 18 (e.g. young people estranged from their parents).

Claims for Universal Credit will be made on **the basis of households** rather than individuals and a cap will be applied to the amount of benefits a household can receive. **Tapering of benefits** will be introduced to ease the transition into work by reducing the support a person receives at a consistent rate as their earnings increase.

Claims for Universal Credit will be made **via the internet** and claimants will have access to the information about their claim and payments online. The Department for Social Development has indicated that alternative access routes will be made available for people who do not have access to online services (e.g. by telephone and face-to-face interaction).

Universal Credit will be **paid on a monthly basis**, the Coalition Government state that this is to encourage responsibility and to be consistent with the 'real time earnings approach'. Although there have been indications that more regular payments will be available for 'vulnerable' groups.

Conditionality and Sanctions

Part 2 of the Bill makes provision for changes to the responsibilities of claimants of Jobseeker's Allowance, Income Support and Employment and Support Allowance leading up to the introduction of Universal Credit and the abolition of income-based Jobseeker's Allowance, income-related Employment and Support Allowance and Income Support.

There will be a **new claimant commitment** which will be a record of the requirements claimants are expected to meet in order to receive benefits. It will also set out the consequences should a claimant fail to meet these requirements. Part 2 sets out the **different types of work-related requirements** and the expectations to meet these requirements depending on their circumstances and capability for work. The different types of activity are:

- **no work-related requirements:** the Department will not impose any work-related requirements on e.g. claimants who have a limited capability for both work and work-related activity due to a physical and mental condition, responsible carers with a child under the age of one; and any claimant with regular and substantial caring responsibilities.

- **work-focused interview requirements:** these interviews are to discuss the steps that a claimant might take (immediately or in the future) to increase (a) their chances of getting work (b) increasing the numbers of hours they work or (c) getting work that is better paid.
- **work-preparation requirement:** actions specified by DSD for DEL in order to increase a claimants chances of a) their chances of getting work (b) increasing the numbers of hours they work or (c) getting work that is better paid. The work preparation requirement may include taking part in a health-related assessment which will be carried out by a health professional.
- **work-search requirement:** there are two parts to this requirement – a general requirement that claimants must take all “reasonable action” to obtain paid work; and, a requirement to take any particular action specified by DSD or DEL (e.g. applying for a specific job or registering with a particular recruitment agency).
- **work-availability requirement:** a requirement that the claimant is able and willing immediately to take up paid work, increase the number of hours they work or get work that is better paid.

The Bill also makes provisions for a **new sanctions regime** which provides for a reduction in the amount of a claimant’s award in the event of failing to meet certain requirements (e.g. failing to take part in a prescribed type of work placement or mandatory work activity; failing to apply for a particular vacancy when required to do so; failing to take up an offer of paid work; leaving paid work voluntarily or because of misconduct). The Bill makes provision for sanctions of up to three years depending upon the type of failure of the requirements. The Bill also enables regulations to make provision for universal credit payments to be made to claimants who have been sanctioned and who can demonstrate that they are or will be in hardship. It also enables regulations to make provision for such payments to be recoverable.

Personal Independence Payment

Part 4 of the Bill contains the framework for a new benefit called **Personal Independence Payment (PIP)** which will replace Disability Living Allowance (DLA). The detailed design for PIP will be contained within secondary legislation. It is proposed that there will be a simplification of the system by reducing the number of rates than that currently available under DLA. The intention is to move away from a system that awards automatic entitlement to certain rates of benefit for certain conditions.

There will be a new assessment process and a periodic review of those awarded the benefit. It has been suggested that the eligibility criteria for PIP will be much more restrictive that it is currently for DLA. This may be a particular problem for Northern Ireland given that it has the highest prevalence of DLA claimants per head of

population in the UK. Around 1 in 10 people claim DLA in NI, a substantial number of these claims are on the basis of mental health.

Benefits Cap

Part 5 of the Bill contains provisions relating to the administration of social security benefits. It includes provisions for regulations to be made for a **benefit cap** to be applied to the welfare benefits to which a single person or couple is entitled. 'Welfare benefit' means a prescribed benefit, allowance, payment or credit (but will not include state pension credit or certain retirement pensions).

This part of the Bill also sets out measures to deal with benefit fraud (including measures relating to the Housing Executive powers to prosecute housing benefit fraud) and also contains measures that enable DSD to share data with other bodies.

Child Maintenance

In January 2011 the Coalition Government published a consultation document, "Strengthening families, promoting parental responsibility: the future of child maintenance. This document set out proposals that parents should be encouraged and supported to make their own-family arrangements for the maintenance of their children wherever possible, rather than using the statutory maintenance scheme. It was suggested that this would enable the Department to focus on cases where it is not possible for parents to make the arrangement themselves.

Part 6 of the Bill makes provisions to implement the proposals which support the principles in the consultation document and which require primary legislation.

3 Key Publications and Information

This section provides links to key documents including the Welfare Reform Bill, Northern Ireland Assembly Research Papers and House of Commons Research Papers on the Stages of the Westminster Welfare Reform Bill. The Northern Ireland Welfare Reform Bill Explanatory and Financial Memorandum provides an overview of each of the 134 clauses of the Bill.

Northern Ireland Assembly Resources

- **The Northern Ireland Welfare Reform Bill** - www.niassembly.gov.uk/Assembly-Business/Legislation/Primary-Legislation-Current-Bills/Welfare-Reform-Bill/

- **Explanatory and Financial Memorandum** - www.niassembly.gov.uk/Assembly-Business/Legislation/Primary-Legislation-Current-Bills/Welfare-Reform-Bill/
- **NI Assembly Research and Information Service Paper (2011) – “An Introduction to Welfare Reform”** - <http://archive.niassembly.gov.uk/researchandlibrary/2011/1311.pdf>

DSD Resources

Department for Social Development Welfare Reform Webpages on:

www.dsdni.gov.uk/index/ssa/welfare-reform-ssa.htm

- the introduction of Universal Credit
- The introduction of Personal Independence Payment
- Changes to Housing Benefit
- The introduction of a benefits cap
- The introduction of new fraud and error powers
- Changes to Social Fund
- Changes to Employment and Support Allowance
- Changes to sanctions and hardship provisions

Department for Social Development – Welfare Reform Bill Equality Impact Assessment (April 2012) - www.dsdni.gov.uk/welfare-reform-bill-completed-eqia-april-2012.doc

DSD Consultations:

- **Proposals for a Welfare Reform Bill:**
www.dsdni.gov.uk/index/consultations/archived-consultations/archived-consultations-2011/eqia-welfare-reform-bill.htm
- **DLA Reform and Personal Independence Payment: completing the design detail:** www.dsdni.gov.uk/index/consultations/archived-consultations/consultation-dla-reform-and-pip.htm
- **Personal Independence Payment: assessment thresholds:**
www.dsdni.gov.uk/index/consultations/archived-consultations/consultation-pip.htm

- **Support for Mortgage Interest – Informal call for evidence:**
www.dsdni.gov.uk/index/consultations/archived-consultations/consultation-support-for-mortgage-interest.htm
- **Housing Benefit Reform – Supported Housing:**
www.dsdni.gov.uk/index/consultations/archived-consultations/archived-consultations-2011/consultation-housing-benefit-reform-supported-housing.htm
- **Strengthening families, promoting parental responsibility: the future of child maintenance:** www.dsdni.gov.uk/index/consultations/archived-consultations/archived-consultations-2011/consultation-the-future-of-child-maintenance.htm
- **Disability Living Allowance Reform:**
www.dsdni.gov.uk/index/consultations/archived-consultations/archived-consultations-2011/consultation-disability-living-allowance-reform.htm
- **Universal Credit: welfare that works:**
www.dsdni.gov.uk/index/consultations/archived-consultations/archived-consultations-2011/consultations-universal-credit-welfare-that-works.htm
- **21st Century Welfare:** www.dsdni.gov.uk/index/consultations/archived-consultations/archived-consultations-2010/consultation-21st-century-welfare.htm
- **Supporting people into work: the next stage of housing benefit reform:**
www.dsdni.gov.uk/index/consultations/archived-consultations/archived-consultations-2010/consultation-next-stage-housing-benefit-reform.htm

House of Commons Resources

The Welfare Reform Act 2012 – the Bill and amendments:

<http://services.parliament.uk/bills/2010-12/welfarereform/documents.html>

House of Commons Library Bill Papers:

- **Welfare Reform: Universal Credit Provisions** - www.parliament.uk/briefing-papers/RP11-24
- **Welfare Reform Bill – Reform of Disability Benefits; Housing Benefit; and other measures** – www.parliament.uk/briefing-papers/RP11-23

- **Welfare Reform – Committee Stage Report** - www.parliament.uk/briefing-papers/RP11-48
- **Welfare Reform Bill – amendments to the Lords Committee and Report Stages** - www.parliament.uk/briefing-papers/SN06202

See also the following House of Commons Library Research Papers:

- **Personal Independence Payment – an introduction** - www.parliament.uk/briefing-papers/SN06422
- **Paying Housing Benefit Direct to Tenants in Social Housing** - www.parliament.uk/briefing-papers/SN06291
- **Under-occupation of social housing: housing benefit entitlement** – www.parliament.uk/briefing-papers/SN06272
- **Housing Benefit: Size Criteria and Discretionary Housing Payments** - www.parliament.uk/briefing-papers/SN04887
- **The Household Benefit Cap** - www.parliament.uk/briefing-papers/SN06294